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May 12, 1997

To: J. F. Klein G. P. Mitchell
C. A. DiBenedetto G. R. Teeter
K.E. Brandt F. J. DeJong

RE: Quick Chek Food Stores (0919-00-00)
Philip Morris Exclusivity Test

Dear Managers:

Quick Chek Food Stores has decided to test Philip Morris Exclusive Retail Masters Contract in ten (10) of its stores. Listed below are details regarding the test, and an Action Plan to address the issue:

Philip Morris Exclusive Test Program

- ♦ Test to begin in identified stores on June 1. Test will consist of 10 test and 10 control stores

RJR Division	Test Stores	RJR Division	Control Stores
1226	128, Clifton	1330	9, Raritan
1330	106, Manville	1226	29, Scotch Plains
1330	120 Highlands	1330	50, Madison
1330	8, Parsippany	1330	58, Lake Hiawatha
1330	23, Clark	1226	66, Clifton
1330	25, Fords	1330	82, Woodbridge
1330	105, Piscataway	1334	110, Lavallette
1334	123, Wall	1330	112, Sayreville
1334	74, Trenton	1330	114, Edison
1334	116, Beachwood	1334	71, Ewing (Trenton)

- ♦ All displays and permanent signs (except Philip Morris) to be removed in early June.
- ♦ The only promotions of any type to be allowed in Quick Stores will be those supported by Philip Morris. That is, RJR National Promotions, Quarterly Buy Downs, and Retail Representative applied coupons are to be discontinued effective June 1.

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- ◆ Due to the larger amount of Flex Funds available under the Exclusive Contract, Quarterly PM Promotions will run one week longer in the test stores than in the remaining 88 Quick Chek Stores. Phil Baseil of Quick Chek assures me that the increased volume will be factored out when looking at test results. He also assures me that both test and control stores were evenly matched in terms of displays (s/s and nss) and volume.

Action Plan To Address Philip Morris Exclusivity Test

- ◆ Effective June 1, 1997 discontinue all RJR Promotion (of any type) in test stores.
- ◆ Pick up RJR Displays and permanent signage from test stores prior to June 13.
- ◆ Retail Representative coverage should be A12 in Test Stores and minimum A24 in Control Stores.
- ◆ Price GAP and Savings Strategy Couponing should be maximized (per Quick Chek Task Request Instructions) in all Control Stores as well as the balance of Quick Chek Stores not in the test panels.
- ◆ Division Managers should instruct Sales and Retail Representatives in the affected territories around test and control stores to follow the Plan listed below:
 - Surrounding Test Store Assignment Maximize promotional effort in retail stores. To include Price Gap, Savings Strategy, VAP and DPC.
 - Surrounding Control Store Assignment Continue to promote as usual in these stores.

If the above Action Plan is properly executed as outlined by Retail Representatives, and Sales Representatives in the affected stores and assignments this test will be a failed effort by Philip Morris.

Please let me know if you have any additional thoughts or suggestions.

As always, thank you for your valued assistance.

Nick Kuruc

cc: M. A. Young
J. R. Loflin, Jr.

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